

O P 082111Z AUG 07
FM SECSTATE WASHDC
TO PAGE 02 STATE 111099 082116Z
AMEMBASSY BEIJING IMMEDIATE
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY

S E C R E T STATE 111099

E.O. 12958: DECL: 08/08/2017
TAGS: [PARM](#) [MTCRE](#) [PREL](#) [ETTC](#) [CH](#) [IR](#)

SUBJECT: CONTINUED ASSISTANCE TO IRAN'S MISSILE PROGRAM
BY THE CHINESE FIRM LIMMT/DALIAN SUNNY (S)

REF: A. 06 BEIJING 2983
[B.](#) 06STATE 38396
[C.](#) 06 BEIJING 4561
[D.](#) 06 BEIJING 4854
[E.](#) 06 STATE 118552
[F.](#) 06 STATE 167376
[G.](#) 06 BEIJING 21333
[H.](#) STATE 28429
[I.](#) BEIJING 1625
[J.](#) MAY 18
[K.](#) 2007 ZARING - JOHNSON EMAIL
[L.](#) BEIJING 5039

Classified By: ISN/MTR DIRECTOR PAMELA K. DURHAM
REASONS 1.4 (B), (C) AND (D).

[1.](#) This is an action request. Embassy Beijing, please see paragraph 4.

[2.](#) (S) BACKGROUND/OBJECTIVE: Since February 2006, we have repeatedly discussed with China our concerns regarding the proliferation-related trading activities of the Chinese firm Dalian Sunny Industry, which is also known as LIMMT (Reftels). This activity has included supplying Iran's solid-fuelled ballistic missile developer Shahid Bakeri Industrial Group (SBIG) with graphite cylinders and tungsten powder likely controlled by the Missile Technology Control Regime (MTCR), as well as attempting to provide SBIG with tungsten copper alloy ingots that could be used to produce missile jet vanes. In response to this information, Chinese officials have indicated that they have initiated enforcement actions against LIMMT and its proprietor Karl Lee, but we have yet to receive a detailed readout on China's efforts in this case (Refs I - K).

[3.](#) (S) We now would like to share with the PRC information indicating that LIMMT/Dalian Sunny recently was working to fill new orders of graphite, tungsten-copper alloy plates, and tungsten powder to SBIG. We want to alert Chinese officials to these activities and ask that they use all available measures to prevent the transfer of these materials to Iran's missile program. In particular, we want to draw their attention to a shipment of MTCR-controlled graphite to an entity affiliated with Iran's SBIG that is scheduled to occur in mid-August 2007. We want to emphasize that taking action immediately to halt these exports would be consistent with United Nations Security Council Resolutions 1737 and [1747](#). Finally, we want to advise PRC officials that these transfers potentially could result in the imposition of sanctions against LIMMT/Dalian Sunny under U.S. legal authorities.

[3.](#) (S) Action Request: Request Embassy Beijing approach appropriate host government officials to deliver talking points in paragraph 4 and report response. Talking points also may be provided as a non-paper.

[4.](#) (S) Begin talking points/non-paper:

(SECRET REL CHINA)

-- Since February 2006, we have repeatedly discussed with you our concerns regarding the proliferation-related trading

activities of the Chinese firm Dalian Sunny Industry (which is also known as LIMMT (Dalian) Metallurgy and Minerals Co. Ltd, or LIMMT (Dalian FTZ) Economic and Trade Organization).

-- This activity has included supplying Iran's solid propellant ballistic missile developer Shahid Bakeri Industrial Group (SBIG) with graphite cylinders and tungsten powder likely controlled by the Missile Technology Control Regime (MTCR), as well as attempting to provide SBIG with tungsten copper alloy ingots that could be used to produce missile jet vanes.

-- When we discussed this issue with you in March and May 2007, you indicated that enforcement actions were pending against LIMMT and its official Karl Lee. We most recently asked you about the status of your efforts in this case in August 2007.

-- We now want to alert you to information indicating that LIMMT/Dalian Sunny recently was working to fill new orders of graphite, tungsten-copper alloy plates, and tungsten powder on behalf of SBIG.

-- First, we have learned that in June 2007, LIMMT/Dalian Sunny was attempting to finalize shipping arrangements for electrical discharge machining (EDM) graphite to SBIG. Dalian Sunny had previously shipped samples of this graphite to Iran in January 2007.

-- We understand that this order includes types EDM-11B and EDM-14A graphite, which are likely controlled by both the MTCR and China's export control regulations and can be used in Iran's missile program to produce nose tips for re-entry vehicles and nozzle throat inserts for rocket motors.

-- In addition, our information indicates that one of the shipments being prepared by LIMMT/Dalian Sunny consists of 370 cylinders of EDM-11B graphite ordered by Iran's Aban Commercial and Industrial Co., which is a cover name for SBIG.

-- LIMMT/Dalian Sunny is procuring this graphite from the Liaoning Industry and Trade Co. Ltd.

-- We understand that the delivery of these cylinders could occur as early as mid-August 2007.

-- Because this shipment appears to be imminent, we urge you to immediately investigate this information and use all available measures to stop this key material from being supplied to Iran's missile program.

-- Second, we understand that in June 2007, SBIG submitted an order for 400 tungsten-copper alloy plates to LIMMT/Dalian Sunny. SBIG specified that it required the same type of tungsten-copper alloy that Dalian Sunny previously supplied to Iran.

-- You will recall from our discussion of earlier tungsten-copper alloy shipments that this material is likely being used by SBIG to produce missile jet vanes or as an insulator for other missile components.

-- SBIG is coordinating this transaction through the Ministry of Defense and Armed Forces Logistics (MODAFL) representative at the Iranian embassy in Beijing, Kazem Mirzai.

-- Like the EDM graphite described above, LIMMT/Dalian Sunny was planning to procure these tungsten-copper plates from Liaoning Industry and Trade Co. and has informed this company that these plates are being purchased by Iran's Aban Commercial and Industrial Co.

-- In addition, while facilitating this new sale to SBIG, LIMMT/Dalian Sunny was attempting to secure the export of 60 tungsten copper plates, which we understand had been detained by the PRC's Customs service.

-- Finally, we have information that LIMMT/Dalian Sunny was

working to supply SBIG with 15,000 kg of tungsten powder.

-- You will recall that in March 2007, we informed you that LIMMT/Dalian Sunny had shipped 2,000 kg of tungsten powder to SBIG in late 2006.

-- As in the case of the 2006 transfer, this latest consignment of tungsten powder is controlled by the MTCR and China's missile export control list. We believe SBIG intends to use this powder, which also is being sought from Liaoning Industry and Trade Co., for missile jet vane production or to manufacture rocket motor nozzle throat inserts.

-- We urge you to use this latest information on LIMMT/Dalian Sunny's activities to support your ongoing enforcement efforts against this firm and its official Karl Lee.

-- Again, given that these materials will be used by SBIG to support Iran's ballistic missile development efforts and that at least one of these exports could occur in the very near future, we urge you to investigate this information and immediately take measures to prevent the transfer of these materials to Iran's SBIG.

-- Taking such action would be consistent with United Nations Security Council Resolutions 1737 and 1747. As you know, SBIG is designated in the Annex of UNSCR 1737.

-- We also want to advise you that each of the transfers described above could result in the imposition of sanctions against LIMMT/Dalian Sunny under U.S. legal authorities.

-- We look forward to future cooperation on nonproliferation issues and to hearing the results of your inquiries at the earliest possible time.

End talking points/non-paper.

15. (U) Washington POC is ISN/MTR James Mayes (Phone: 202-647-3185). Please slug any reporting on this issue for ISN and EAP.

16. (U) A word version of this document will be posted at www.state.sgov.gov/demarche.
RICE

NNNN

End Cable Text